

**City of Fremont/
Fremont Public Financing Authority**

Continuing Disclosure Annual Report
Fiscal Year 2009/10
(Per SEC Rule 15c2-12(b)(5))

\$20,870,000
Certificates of Participation
(1998 Police Facility Refinancing Project)

Final Maturity: August 1, 2025

CUSIP Numbers

357122 HE3*	357122 HF0*	357122 HG8*
357122 HH6*	357122 HJ2*	357122 HK9*
357122 HL7*	357122 HM5*	357122 HN3*
357122 HP8*	357122 HQ6*	357122 HR4*
357122 HS2	357122 HT0	357122 HU7
357122 HV5	357122 HW3	357122 HX1
357122 HY9	357122 HZ6	357122 JG6

*** Bonds retired as of March 31, 2011, at their
originally scheduled debt service payment dates.**

March 31, 2011

Continuing Disclosure Annual Report
For the City of Fremont/Fremont Public Financing Authority
1998 Certificates of Participation (1998 Police Facility Refinancing Project)
Fiscal year 2009/10

This report contains certain information required to be filed annually per SEC rule 15c2-12(b)(5) (the “Rule”) by the City of Fremont (the “City”) and the Fremont Public Financing Authority (the “Authority”). The Rule is applicable to the Certificates of Participation issued by the Authority in the aggregate sum of \$20,870,000 (the “COPs”), pursuant to the authority granted by the Trust Agreement dated December 1, 1998, between the Authority and the BNY Western Trust Company (the “Trustee”).

The principal amount of the COPs outstanding as of June 30, 2010, was \$14,720,000. These obligations are insured by MBIA.

SEC rule 15c2-12(b)(5) requires that an issuer undertake in a written agreement or contract, for the benefit of holders of the securities issued, to file the following:

- i. Certain financial and Bond information as presented in the Continuing Disclosure Certificates
- ii. Audited financial statements
- iii. Notice of certain enumerated significant events
- iv. Notice of any failure to provide such annual financial information as agreed

In compliance with SEC rule 15c2-12(b)(5), the City signed a Continuing Disclosure Certificate for the COPs on December 23, 1998. This certificate requires the City and the Authority to make the various informational and event disclosures listed above either annually or within a reasonable time after their occurrence. These disclosures must be filed with the Electronic Municipal Market Access system (EMMA) operated by the SEC, and will include:

1. The City’s audited financial statements (which include the Authority as a component unit of the City) prepared in accordance with generally accepted accounting principals as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. These financial statements include operating data with respect to the City for the fiscal period reported upon. A copy of the 2010 Comprehensive Annual Financial Report (CAFR) for the City of Fremont (for fiscal year 2009/10) is available on the City of Fremont’s website at the following link:

→ <http://www.fremont.gov/index.aspx?NID=527>

2. Operating data with respect to the City for fiscal year 2009/10 in a format substantially similar to that provided in the corresponding tables and charts in the COPs' official statement follows:

i. General fund revenue sources by type (over \$1,000,000) as excerpted from page 88, Required Supplementary Information, from the CAFR:

City of Fremont
June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Fund Balance - Beginning	\$ 25,857,000	\$ 25,857,000	\$ 31,099,353	\$ 5,242,353
Resources (inflows):				
Property tax	62,221,000	62,221,000	61,940,809	(280,191)
Sales tax	32,394,000	32,394,000	26,769,511	(5,624,489)
Vehicle license fees	600,000	600,000	634,305	34,305
Intergovernmental	255,000	255,000	169,122	(85,878)
Business tax	7,000,000	7,000,000	7,106,402	106,402
Other taxes	4,133,000	4,133,000	3,842,969	(290,031)
Franchises	8,439,000	8,439,000	7,928,716	(510,284)
Charges for services	10,021,733	10,021,733	8,703,893	(1,317,840)
Investment earnings	1,600,000	1,600,000	1,748,364	148,364
Other	211,267	211,267	984,149	772,882
Operating transfers in	5,244,000	5,244,000	7,951,346	2,707,346
Total resources	132,119,000	132,119,000	127,779,586	(4,339,414)
Charges to appropriations (outflows):				
General government	12,264,964	11,616,104	11,126,970	489,134
Police services	52,618,242	52,821,361	52,300,564	520,797
Fire services	30,582,563	30,637,485	30,848,121	(210,636)
Human services	3,485,092	3,497,022	3,415,273	81,749
Capital assets maintenance and operations	19,073,655	19,106,020	17,528,049	1,577,971
Community development and environmental services	735,218	735,218	918,248	(183,030)
Capital outlay	-	78,422	78,422	-
Debt service:				-
Interest and fiscal charges	825,000	825,000	1,184,016	(359,016)
Operating transfers out	16,468,493	16,736,595	12,578,614	4,157,981
Total charges to appropriations	136,053,227	136,053,227	129,978,277	6,074,950
Resources over (under) charges to appropriations	(3,934,227)	(3,934,227)	(2,198,691)	1,735,536
Fund Balance - Ending	\$ 21,922,773	\$ 21,922,773	\$ 28,900,662	\$ 6,977,889

- ii. Assessed valuation and tax collection records for fiscal year 2009/10 were as follows:

<u>Fiscal Year 2009/10</u>	
Grossed assessed value	\$34,669,577,932
Net assessed value	\$33,839,279,379
 Current tax collections	 \$43,230,070
Delinquent tax collections	<u>3,383,306</u>
Total tax collections	<u>\$46,613,376</u>

Source: Auditor-Controller of Alameda County

- iii. Summary of investments, to the extent not summarized in the Audited Financial Statements, including types and amounts of the investments, return on investments, and book-to-market value ratio.

City of Fremont

Summary of Investments (at fair market value) as of June 30, 2010:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Agencies	\$ 71,189,819
U.S. Treasuries	13,171,172
Commercial Paper	13,434,216
Medium Term Notes	49,014,776
Money Market Accounts	23,544,863
Pooled Accounts	100,000,000*
Banker's Acceptance	4,487,788
Time Deposits	4,053,373
Total	<u>\$ 278,896,007</u>

→ The average return on investments was 2.51% for the year ending June 30, 2010, and 1.96% for the six months ending December 31, 2010. As of December 31, 2010, the total fair market value of the portfolio was \$234,499,454.

* The City's primary investment in pooled accounts was in the California Local Agency Investment Fund (LAIF).

- iv. Combined annual contribution (City's share and employee's share) to the California Public Employees Retirement System (CalPERS) for fiscal year 2009/10 on a cash basis.

→ City contribution	\$18,916,688
Employees contribution	7,115,926

- v. The adopted general fund budget for fiscal year 2009/10.

→ **See 2.i. above**

The following disclosures relate to operating data with respect to the City of Fremont for Fiscal Year 2009/10. The assessed valuation and tax collection records are shown below in a format substantially similar to that provided in the corresponding tables and charts in the COPs' official statement.

3. **Largest Taxpayers.** The City's twenty largest secured property taxpayers based on assessed value, based on information provided by the Alameda County Assessor:

→ 1.	New United Motor Manufacturing	\$1,014,084,630
2.	Catellus Development Corporation	453,136,570
3.	John Arrilago & Richard Peery	244,198,144
4.	Sobrato Interests II LP	207,628,493
5.	Transcontinental Nthrn California Inc	189,385,948
6.	SCI LP I	149,170,439
7.	BNP Paribus Leasing Corporation	74,108,094
8.	HUB Bayside Properties	57,364,721
9.	AMB Property LP	55,950,000
10.	Northern California Industrial Portfolio Inc	55,947,617
11.	Cisco Technology Inc	45,201,300
12.	Stephens and Stephens Landing II LLC	44,399,875
13.	JER Bayside LLC	43,256,390
14.	Sysco Food Services San Francisco Inc	41,517,200
15.	Mept Northport Business Park I LLC	40,216,058
16.	Security Capital Industrial Trust	38,522,087
17.	Dharam P and Vijay Salwan Trust	38,513,143
18.	Bit Holdings Sixty Seven Inc	35,778,196
19.	ISE Labs Inc	31,732,640
20.	Legacy Partners I Fremont	31,296,797

4. **Assessed Valuation.** The City's five-year history of gross assessed values based on information provided by the Alameda County Auditor-Controller are as follows:

→	<u>Fiscal Year</u>	<u>Gross Assessed Value</u>
	FY09/10	\$34,669,577,932
	FY08/09	34,728,215,000
	FY07/08	33,010,284,000
	FY06/07	30,944,045,000
	FY05/06	28,849,724,000

5. **Tax Levies, Collections and Delinquencies.** The City's five-year history of secured tax charges and year-end delinquencies (Information source: Alameda County Auditor-Controller) is as follows:

→	<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Year End Delinquencies</u>
	FY09/10	\$43,616,959	\$ 386,889
	FY08/09	44,177,923	854,554
	FY07/08	44,399,799	3,301,381
	FY06/07	42,070,561	3,651,774
	FY05/06	37,397,322	3,596,857

6. **Tax Rates.** The five-year tax rate history within the City of Fremont, based on information provided by California Municipal Statistics, Inc., is as follows:

Fiscal Year	City Direct Rate	Overlapping Rates			Total Direct Rate
	General Obligation Debt Service	County	School District	Special Districts	
2006	0.0079	1.0000	0.0626	0.0154	1.0859
2007	0.0044	1.0000	0.0520	0.0246	1.0810
2008	0.0042	1.0000	0.0610	0.0402	1.1054
2009	0.0079	1.0000	0.0594	0.0453	1.1126
2010	0.0107	1.0000	0.0622	0.0293	1.1022

Reporting of Significant Events

Pursuant to the provisions of the Continuing Disclosure Certificates, the City shall give, or cause to be given, notice of the occurrence of any of the following events, if material:

- 1) Principal and interest payments delinquencies.
- 2) Non-payment related defaults.
- 3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- 4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- 5) Substitution of credit or liquidity providers, or their failure to perform.
- 6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- 7) Modifications to rights of security holders.
- 8) Bond calls.
- 9) Defeasances.
- 10) Release, substitution, or sale of property securing repayment of the securities.
- 11) Rating changes.

→ **When issued, the Bonds were covered with municipal bond insurance issued by MBIA.**

→ **Standard and Poors affirmed its AA(Spur) rating as of December 15, 2010, but downgraded its outlook from “stable” to “negative”.**

Except as disclosed above, there are no significant events known by the City and the Authority to have occurred relating to the COPs through the date of this report. The City and Authority are unaware of any instances of failure to provide annual financial information as agreed, through the date of this report.

Dated: March 31, 2011

City of Fremont



By Harriet V. Commons,
Finance Director/Treasurer
(510) 284-4010

APPENDIX A

*City of Fremont
Audited Financial Statements
for the Fiscal Year Ended June 30, 2010*
